

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

LEVEL 4 CERTIFICATE IN MANAGEMENT CONSULTING **10331**

UNIT 2 ANALYSING FINANCIAL STATEMENTS AND REPORTS

TUESDAY 14 JUNE 2016

9.30 AM

TIME: 1 HOUR 30 MINUTES

INSTRUCTIONS TO CANDIDATES

Fill in all the boxes below. Use CAPITAL LETTERS.

CENTRE DETAILS

Centre Number	Centre Name

COMPUTER REF

6	1	6	1	0	3	3	1
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CANDIDATE DETAILS

Surname or Family Name	First Name	Initials of Other Forenames	DATE OF BIRTH							
			D	D	M	M	Y	Y	Y	Y

- Do **not** open the booklet until told to do so by the Invigilator.
- Answer **ALL** questions.
- Write your answers in the spaces provided on the question paper.
- Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Use black ink.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

The total number of marks for this paper is **60**

You may use a calculator.

FOR EXAMINERS' USE ONLY			
1 (a)		3	
1 (b)		4	
1 (c)		5	
2 (a)		6 (a)	
2 (b)		6 (b)	
2 (c)			
2 (d)			
TOTAL =			

Ofqual Qualification Reference Number: D/504/1299

H053/1606

This document consists of 16 pages. Any blank pages are indicated.

- 1 The financial year of Bobod Ltd ends on 31 December. The following information relates to 2015.

	£
Sales	945 500
Purchases	508 000
Stock (inventory) at 1 January	47 000
Stock (inventory) at 31 December	48 500
Operating expenses	314 000
Retained profits at 1 January	79 000
Share capital at 31 December	800 000

- a) Calculate each of the following profitability ratios for 2015. Show your workings clearly. Give your answers to two decimal places.

- i) Gross profit margin

[2]

- ii) Net profit margin

[2]

iii) Mark-up

[1]

iv) Return on capital employed

[2]

(c) i) What is meant by the term 'retained profits'?

[1]

ii) Explain **two** ways in which retained profits might be used by Bobod Ltd.

1

[2]

2

[2]

- 2** The financial year of Mahoo Ltd ends on 31 December. The following information relates to 2015.

	£
Sales	784 200 (includes £13 000 cash sales)
Cost of sales	475 000
Stock (inventory) at 1 January	38 700
Stock (inventory) at 31 December	51 500
Trade debtors (receivables) - 31 December	94 000
Trade creditors (payables) - 31 December	62 000
Prepaid expenses - 31 December	2 800
Accrued expenses - 31 December	13 200
Bank overdraft - 31 December	28 500

N.B. All purchases were on credit.

- a) Calculate each of the following working capital ratios for 2015. Show your workings clearly. Give your answers to two decimal places.

- i) Current ratio.

[3]

- ii) Quick (acid) ratio.

[2]

b) Calculate each of the following working capital ratios for 2015. Show your workings clearly. Round your answers up to the nearest whole number of days.

i) Stock turnover (in days).

[2]

ii) Debtor turnover (in days).

[2]

iii) Creditor turnover (in days).

[2]

d) Explain **two** possible ways in which Mahoo Ltd could increase its efficiency in managing its working capital.

1 _____

_____ [2]

2 _____

_____ [2]

4 Explain **two** purposes of a trial balance.

1 _____

_____ [2]

2 _____

_____ [2]

5 Outline **five** components contained within the structure of a balance sheet (statement of financial position).

1 _____

_____ **[2]**

2 _____

_____ **[2]**

3 _____

_____ **[2]**

4 _____

_____ [2]

5 _____

_____ [2]

6 State what is meant by each of the following terms:

a) Net book value.

[2]

b) Net assets.

[1]

END OF QUESTION PAPER

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